

Message Text

UNCLASSIFIED

PAGE 01 MEXICO 08398 01 OF 02 262230Z

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 COME-00 EPG-02 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 PA-02

PRS-01 /118 W

-----262310Z 066190 /66

R 262216Z MAY 77

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 2406

ALL USCONS MEXICO BY POUCH

UNCLAS SECTION 01 OF 02 MEXICO 08398

EO 11652: N/A

TAGS: ENRG, BENC, EALR, MX

SUBJECT: PEMEX ACTIVITIES IN THE ZONA SUR

REF: MEXICO A-76 INDUSTRIAL OUTLOOK REPORT-PETROLEUM
(CERP B425)

1. SUMMARY. DRILLING AND CONSTRUCTION OF PROCESSING AND TRANSPORTATION FACILITIES ARE PROCEEDING AT A FURIOUS PACE THROUGHOUT THE ZONA SUR. PETROCHEMICAL PLANT CONSTRUCTION IS ALSO BEING EMPHASIZED. PEMEX IS SWEETENING ABOUT 85 PERCENT OF THE ASSOCIATED GAS FROM FIELDS IN THE REFORMA TREND. PLANS FOR CONSTRUCTION OF A 43-INCH GAS PIPELINE TO THE U.S. BORDER ARE WELL-KNOWN THROUGHOUT THE AREA. PEMEX HAS 5 OFFSHORE RIGS UNDER CONTRACT TO DRILL IN THE GULF OF CAMPECHE. END SUMMARY.

2. PETOF RECENTLY SPENT FIVE DAYS VISITING PEMEX FACILITIES IN THE ZONA SUR. GENERAL IMPRESSION CREATED BY INSPECTION OF MORE THAN A DOZEN MAJOR FACILITIES WAS OF A HIGHLY ACCELERATED EFFORT TO INCREASE PRODUCTION,
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 MEXICO 08398 01 OF 02 262230Z

PROCESSING, AND TRANSPORTATION FACILITIES. PETROCHEMICAL PLANTS ARE ALSO RECEIVING A HIGH PRIORITY. ACTIVITY WAS VERY CONSISTENT WITH PROGRAM ELUCIDATED BY PEMEX DIRECTOR GENERAL JORGE DIAZ SERRANO BEFORE VARIOUS FORA.

3. ALTHOUGH PERHAPS A DOZEN EXPLORATION BRIGADES ARE ACTIVE IN THE AREA, PEMEX ENGINEERS SEEM TO FEEL THAT A

SUFFICIENT NUMBER OF POTENTIALLY PRODUCTIVE STRUCTURES HAVE ALREADY BEEN IDENTIFIED AND THAT EXPLORATION CAN BE DEEMPHASIZED FOR A WHILE. HOWEVER, WESTERN OCEANICS IS CONTINUING TO CONDUCT AN ACTIVE PROGRAM TO IDENTIFY POTENTIAL PRODUCERS IN THE GULF OF CAMPECHE.

4. PEMEX HAS ABOUT 45 LAND AND BARGE MOUNTED PRODUCTION RIGS DRILLING IN THE VILLAHERMOSA AREA AND EXPECTS TO HAVE 60 WORKING BY JULY 1. ALL OR NEARLY ALL OF THE BARGES ARE OWNED BY DIAZ SERRANO'S COMPANY, PERFORACIONES MARINAS DEL GOLFO. PETOFF HAS VISITED THREE LAND RIGS AND TWO BARGES WITHIN THE PAST SIX WEEKS AND IN ALL CASES DRILLING PROGRAMS WERE FIVE TO TWENTY PERCENT AHEAD OF SCHEDULE. RIG UTILIZATION ALSO SEEMS TO BE HIGH.

5. BOTTOM HOLE PRESSURES ARE DECLINING IN SEVERAL OF THE OLDER FIELDS IN THE AREA. PEMEX IS NEARLY READY TO START UP WATER FLOOD SYSTEMS IN AT LEAST TWO CAMPS. HOWEVER, AVERAGE WELL PRODUCTION CONTINUES TO RANGE BETWEEN 5000 AND 5500 B/D.

6. PEMEX IS PROCESSING ABOUT 85 PERCENT OF THE ASSOCIATED GAS FROM THE REFORMA TREND, NOT 93 PERCENT AS REPORTED PREVIOUSLY. ALL OF THE GAS FIELDS IN THE CIUDAD PEMEX DISTRICT ARE CLOSED IN SO THAT THE CRYOGENIC PLANT THERE CAN HANDLE ASSOCIATED GAS FROM THE VILLAHERMOSA AREA. LAST YEAR THESE FIELDS PRODUCED 85.2 MCFD. ONE PLANT AT CIUDAD PEMEX IS BEING MODIFIED TO HANDLE 20,000 B/D OF SOUR CONDENSATE.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 MEXICO 08398 01 OF 02 262230Z

7. GAS FIELDS IN THE AGUA DULCE DISTRICT MAY ALSO BE SHUT IN SHORTLY SO THAT GAS FROM THE VILLAHERMOSA AREA CAN BE PROCESSED BY THE CRYOGENIC PLANT THERE.

8. NEWSPAPER REPORTS THIS WEEK AND CONVERSATIONS WITH PEMEX ENGINEERS IN THE ZONA SUR CONFIRM THAT A 48-INCH PIPELINE WILL BE BUILT BETWEEN VILLAHERMOSA AND REYNOSA TO CONNECT MEXICO WITH THE U.S. GAS PIPELINE SYSTEM. ALTHOUGH THE PAPERS SAY THE LINE WILL RUN FROM CARDENAS, TABASCO TO REYNOSA, TAMAULIPAS, PETOFF WAS TOLD IT WILL ORIGINATE AT CACTUS, CHIAPAS, WHERE PEMEX HAS ITS PRINCIPAL FACILITIES FOR SWEETENING THE GAS. THE LINE WILL TAKE TWO TO THREE YEARS TO CONSTRUCT AND COST \$1.5 BILLION.

9. EMBASSY COMMENT. THIS NEW GAS LINE SHOULD PROVIDE A MAJOR EXPORT OPPORTUNITY FOR U.S. SUPPLIERS OF LARGE DIAMETER PIPE, CONSTRUCTION, EXCAVATION AND WELDING

EQUIPMENT, COMPRESSOR STATIONS, AND TURBINES. IT IS ALSO POSSIBLE THAT PEMEX MAY NEED TO TURN TO FOREIGN CONTRACTORS SINCE THE FEW MEXICAN COMPANIES WITH EXPERIENCE IN LAYING LARGE DIAMETER PIPE ARE HEAVILY COMMITTED TO OTHER PROJECT.

10. FACILITIES AT THE PAJARITOS MARINE TERMINAL IN COATZACOALCOS ARE BEING EXPANDED VERY RAPIDLY. STORAGE CAPACITY IS BEING INCREASED FROM 1 TO 2 MILLION BARRELS. ONE NEW PIER IS UNDER CONSTRUCTION AND FOUR MORE LOADING FACILITIES ARE PLANNED FOR THE EAST SIDE OF THE LAGOON. SINCE MANEUVERING SPACE WITHIN THE LAGOON IS LIMITED THESE WILL BE BUILT BY EXCAVATING 300-FOOT CHANNELS INTO

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 MEXICO 08398 02 OF 02 262232Z
ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 EPG-02 DODE-00 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 PA-02
PRS-01 /118 W

-----262309Z 066390 /66

R 262216Z MAY 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 2407
INFO ALL USCONS MEXICO BY POUCH

UNCLAS SECTION 02 OF 02 MEXICO 08398

THE SHORE LINE.

11. PEMEX HAS REQUESTED BIDS FOR LEASES FOR SIX OFFSHORE RIGS TO DRILL IN THE GULF OF CAMPECHE. THEY ARE LOOKING FOR A MIX OF JACK UPS AND SEMISUBMERSIBLES CAPABLE OF DRILLING TO A DEPTH OF 7000 METERS IN WATERS UP TO 100 METERS DEEP. THIS IS DEFINITELY A MAJOR PROJECT. IT IS ALSO IN THE MARKET FOR DRILLING BARGES TO WORK THE RIVERS THAT CRISSCROSS THE PRODUCING AREAS. A MAJOR ADVANTAGE TO THE BARGES IS THAT THEY CAN BE MANNED BY SUBCONTRACTORS THUS AVOIDING THE NEED TO USE UNION CREWS.

12. PETOFF'S COMMENT. THE GENERAL IMPRESSION CREATED

BY THIS VISIT WAS OF A SOUNDLY PLANNED EFFORT TO EXPAND
PRODUCTION AS RAPIDLY AS POSSIBLE. IN AT LEAST ONE
MAJOR INSTALLATION, CREWS ARE WORKING 10 HOURS A DAY
SEVEN DAYS A WEEK. IF DRILLING IS AS SUCCESSFUL ON THE
CONTINENTAL SHELF AS IT HAS BEEN ON SHORE, PEMEX SHOULD
MEET OR EXCEED ITS GOAL OF 2.2 MILLION B/D BY 1982.
CALDERHEAD

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CERP 0425
Control Number: n/a
Copy: SINGLE
Sent Date: 26-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MEXICO08398
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770189-0183
Format: TEL
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770515/aaaaamjd.tel
Line Count: 176
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 416d3289-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 MEXICO A-76
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2357225
Secure: OPEN
Status: NATIVE
Subject: PEMEX ACTIVITIES IN THE ZONA SUR
TAGS: ENRG, BENC, EALR, MX, PEMEX
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/416d3289-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009